Payments for acquisitions and certain contracts	(1,505)	(1
Increase in investment in unconsolidated affiliate	127	
Contributions to joint ventures	--	
Net cash used in investing activities	(2,972)	(2
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under long-term debt	101,600	3
Principal payments on long-term debt	(110,487)	
Principal payments under capital lease obligations	(3,384)	(
Debt issuance costs	(5,100)	
Exercise of stock options and warrants	307	
Officer and director notes receivable	--	(
Proceeds from stock offering	15,000	
Proceeds from the issuance of preferred stock warrants	100	
Issuance costs associated with stock offering	(1,198)	
Net cash (used in) provided by financing activities	(3,162)	2
Net increase in cash and cash equivalents	4,703	
Cash and cash equivalents at beginning of year	7,663	
Cash and cash equivalents at end of year	$ 12,366	$

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

<PAGE>

PEOPLES TELEPHONE COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED
(in thousands)

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION
<TABLE>
<CAPTION>

	FOR THE YEAR DECEMBER	
	1995	1994
Cash paid during the year for:		
<S>	<C>	<C>
Interest..............................	$ 7,357	$ 4,7
Income taxes..........................	$ 242	$ 2

</TABLE>

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

During 1994 and 1993, the Company purchased certain net assets of several corporations for a combination of cash, the Company's common stock and the issuance of notes payable. There were no acquisitions in 1995. However, the Company issued shares of its Common Stock in 1995 related to previous acquisitions. A summary of these transactions is as follows (in thousands):

	FOR THE YEAR ENDED DECEMBER 31,		
	1995	1994	1993
Fair value of net assets acquired	$ --	$ 22,882	$ 60,631
Fair value of common stock issued and issuable	1,304	(1,718)	(7,090)
Principal amount of note payables issued and other liabilities	--	(6,687)	(7,868)
Net amount paid	$ 1,304	$ 14,477	$ 45,673

During the years ended December 31, 1995, 1994 and 1993, the Company acquired fixed assets of approximately $1,185,000, $2,456,000 and $1,211,000, respectively, by incurring capital lease obligations for the same amounts.

The accompanying notes are an integral part of these consolidated financial statements.

<PAGE>

PEOPLES TELEPHONE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL

Description of business

Peoples Telephone Company, Inc. (the "Company") owns, operates, services and maintains public pay and inmate telephone systems connected to the network of regulated telephone companies at various third party property owner locations and correctional facilities throughout the United States. In connection with the pay telephone systems, the Company also derives revenue from routing calls to operator service companies.

Changes in business

In December 1994, in an effort to return the Company's focus to its core public pay telephone business, the Company's Board of Directors approved the divestiture of its inmate telephone, prepaid calling card and international telephone centers and cellular telephone operations.

During 1995, the Company sold its prepaid calling card business and international telephone center operations for $6.3 million and $2.0 million, respectively (see Note 16).

During the third quarter of 1995, the Company decided to retain the remaining portion of its inmate telephone operations. This decision is a result of the Company's belief that the remaining operations can contribute to the cash flow and operating results of the Company. The accompanying consolidated statements of operations and of cash flows for the three years ended December 31, 1995, 1994 and 1993 have been reclassified to present the inmate telephone operations as part of continuing operations.

On October 9, 1995, the Company sold a portion of its inmate telephone operations for approximately $2.2 million subject to certain regulatory consents and other conditions. The net loss on sale of approximately $0.4 million is included in the Loss from impairment of inmate assets in the accompanying consolidated statement of operations in 1995.

The Company's 1994 results included approximately $4.0 million for the anticipated loss on disposal and $0.1 million for the anticipated operating losses from January 1, 1995 through disposition of the inmate telephone operations. The inmate division's actual operating losses in 1995 for the period it was accounted for as a discontinued operation were $0.1 million. The $4.0 million accrual for the loss on disposal has been reversed in discontinued operations and recorded as an impairment of assets in continuing operations in the accompanying consolidated statement of operations for the year ended December 31, 1995.

Also included in the loss for impairment of inmate assets is the write-off of approximately $0.4 million of intangible assets associated with location contracts not renewed by the Company.

On November 13, 1995, the Company sold its cellular telephone operations for approximately $6.0 million (see Note 17).

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated. The divestiture of the Company's prepaid calling card and international telephone centers and their results of operations have been segregated and are reported as a separate component of income from continuing operations (see Note 16).

<PAGE>

The divestiture of the Company's cellular telephone operations has been accounted for as discontinued operations. Accordingly, operating results and cash flows for the business have been segregated and reported as discontinued operations in the accompanying consolidated statements of operations and cash flows (see Note 17).

Acquisitions and joint ventures

During March 1994, the Company acquired certain assets of Emro Marketing Company for a purchase price of $1.7 million in cash. The assets acquired included approximately 1,045 pay telephones.

During June 1994, the Company acquired certain assets of the Atlantic Telco Joint Venture for approximately $11.5 million in cash. The Atlantic Telco Joint Venture owned and operated approximately 3,300 pay telephones and related location contracts. These phones are located primarily in Maryland and Virginia.

During July 1994, the Company acquired certain assets of Telecorp Funding, Inc. for approximately $1.9 million in cash and the Company's common stock. The assets acquired included approximately 600 public pay phones and related location contracts located primarily in New York City. The Company issued shares of its common stock subject to the asset purchase agreement in 1995.

During October 1994, the Company acquired Telecoin Communications, Ltd. for approximately $7.3 million in cash, assumption of liabilities and issuance of the Company's common stock. The assets acquired included approximately 2,155 pay telephones and their related location contracts. These phones are located primarily in Ohio and Pennsylvania. The Company issued shares of its common stock subject to the asset purchase agreement in 1995.

During 1993, the Company acquired certain net assets of several corporations with operations similar to the Company for a total of $60.6 million in cash, common stock and notes payable. The most significant acquisition during 1993 was the purchase of substantially all of the assets of Ascom Communications, Inc. ("ACI") in November 1993 for $40.0 million which consisted of $28.0 million funded by the Company's credit facilities, two promissory notes totaling $6.0 million and $6.0 million of the Company's stock (see Note 6 for the terms of the notes). The ACI acquisition added 11,600 public pay telephones and included dedicated switched network facilities installed in five states.

All 1994 and 1993 acquisitions were accounted for as purchases.

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PEOPLES TELEPHONE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed statements of operations for the years ended December 31, 1995 and 1994 have been prepared to reflect the sale of the prepaid calling card and international telephone center operations as if the sale had been consummated as of January 1, 1994, after giving effect to certain pro forma adjustments as discussed below (in thousands, except per share data).

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED DECEMBER 31,	
	1995	1994
<S>	<C>	<C>
Total revenue	$ 138,391	$ 159,442
Net loss from continuing operations	$ (21,922)	$ (6,248)
Net loss per common and common equivalent share Primary and fully diluted	$ (1.39)	$ (0.40)

</TABLE>

Pro forma adjustments represent the Company's estimated equity in the losses of Global Link based on actual 1995 results and accrual of interest income on the notes receivable from Global Link.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recognition of revenue

Revenue is recognized when earned. Coin call and non-coin call (alternate operator service and store and forward) revenues are recognized at the time the call is made. Revenue from service contracts is recognized on a straight-line basis over the term of the contract.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company defines cash and cash equivalents as those highly liquid investments purchased with an original maturity of three months or less.

<PAGE>

Property and equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets commencing when the equipment is installed or placed in service. Installed telephones and related equipment includes installation and other costs which are capitalized and amortized over the estimated useful lives of the equipment. The costs associated with maintenance, repair and refurbishment of telephone equipment are charged to expense as incurred.

Effective October 1, 1993, the Company revised its depreciation policy to recognize an extended estimated service life on its pay telephones from 7 to 10 years. The change in pay telephone depreciation reduced depreciation expense and decreased net loss or increased net income by approximately $3,501,000, $3,766,000 and $470,000 or $0.22, $0.24 and $0.03 per common share, for the years ended December 31, 1995, 1994 and 1993, respectively.

The capitalized cost of equipment and vehicles under capital leases is amortized over the lesser of the lease term or the asset's estimated useful life, and is included in depreciation and amortization expense in the consolidated statements of operations.

Inventories

Inventories, which consist primarily of replacement parts, are carried at the lower of cost or market, with cost being determined on the first-in, first-out basis.

Intangible assets

Location contracts and intangible assets primarily result from business combinations and signing bonuses paid to property owners and include acquisition costs allocated to location owner contracts, agreements not to compete, and other identifiable intangible assets. These assets are amortized on a straight-line basis over the estimated life assuming, in some instances, renewal of the underlying contracts (3 to 10 years). Accumulated amortization at December 31, 1995, 1994 and 1993 was approximately $15,115,000, $9,486,000 and $5,505,000, respectively.

Goodwill arising from acquisitions is amortized on a straight-line basis over the periods to be benefited or 20 years, whichever is less. Accumulated amortization at December 31, 1995, 1994 and 1993 was approximately $2,795,000, $2,001,000 and $551,000, respectively.

The carrying value of intangible assets is periodically reviewed by the Company and impairments, if any, are recognized when the expected future undiscounted cash flows derived from such intangible assets are less than their carrying value.

In March 1995, the FASB issued Statement No. 121 ("SFAS 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The Company will adopt SFAS 121 in the first quarter of 1996 and, based on current circumstances, does not believe the effect of adoption will be material.

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Investments

Investments in which the Company has an ownership interest of at least 20 percent but not more than 50 percent are accounted for under the equity method. Investments of less than 20 percent are generally accounted for under the cost method.

Other Assets

Other Assets include primarily deferred financing costs, long-term deposits and a note receivable from a third party which purchased assets from the Company. The deferred financing costs are amortized over the term of the debt on a straight line basis. At December 31, 1995, 1994 and 1993, accumulated amortization of the deferred financing costs was $319,000, $1,905,000 and $711,000, respectively.

Income taxes

Deferred income taxes are recognized for temporary differences between the tax and financial reporting bases of the Company's assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of the tax assets will not be realized.

Stock Options

Options issued to employees or directors of the Company under the Company's non-qualified stock option plans are accounted for under Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees." The exercise price of the Company's employer stock options equals the market price of the underlying stock on the date of grant, therefore no compensation expense is recognized under APB 25.

In October 1995, the FASB issued Statement No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," which requires companies to either recognize expense for stock-based awards based on their fair value on the date of grant or provide footnote disclosures regarding the impact of such changes. The Company will adopt the provisions of SFAS 123 on January 1, 1996 but will continue to account for stock-based compensation under the provisions of APB25.

Earnings per share

Primary earnings per share amounts are computed based upon the weighted average number of common and common equivalent shares outstanding, assuming proceeds from the assumed exercise of options were used to purchase common shares outstanding at the average market price during the period, unless such exercise is antidilutive. Fully diluted earnings per share assumes that the proceeds were used to purchase common shares outstanding at the higher of the market value per share at the end of each period or the average market value during the period, unless such exercise is antidilutive (see Note 12).

Reclassification

Certain amounts for the prior years have been reclassified to conform with the current year presentation.

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NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 1995 and 1994, consist primarily of amounts due from a billing and collection clearinghouse for non-coin calls placed through the Company's public pay and inmate telephones and, to a lesser extent, commissions from various operator service companies which have been selected to handle non-coin calls not placed through the Company's automated operator system. Pursuant to the Company's agreement with the billing and collection clearinghouse, the collections from LECs are deposited into a trust account and then distributed directly to the Company. The balance due from one billing and collection clearinghouse was approximately $4,570,000 and $13,061,000 at December 31, 1995 and 1994, respectively.

In 1993, the Company recorded net receivables of approximately $1.7 million relating to the Company's refund claims for overpayment of excise taxes from the Internal Revenue Service and certain state sales and use taxes from various local exchange carriers. These refund claims were reflected as a reduction of telephone charges in the accompanying consolidated statements of operations and were recorded throughout 1993 as the refund claims were finalized. At December 31, 1994, approximately $980,000 of this amount remained and was included in the accounts receivable balance. At December 31, 1995, all uncollected balances were fully reserved.

<PAGE>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows (in thousands):
<TABLE>
<CAPTION>

<S> <C> <C>

	DECEMBER 31 1995	19
Installed telephones and related equipment, including $1,542 under capital leases in 1994	$ 106,031	$ 10
Telephones and related equipment pending installation	9,644	
Land	950	
Building and improvements	4,357	
Furniture, fixtures and office equipment	7,273	
Vehicles and equipment under capital leases	4,619	
Other	1,193	
	134,067	13
Less accumulated depreciation and amortization, including $1,689 and $1,656 for capital leases	(55,866)	(4
	$ 78,201	$ 8

</TABLE>

During the third and fourth quarters of 1995, the Company recorded inventory obsolescence reserves of approximately $0.7 million and $1.0 million, respectively, which are included in Field service and collection expenses in the accompanying consolidated statements of operations.

Depreciation expense for the periods ended December 31, 1995, 1994 and 1993 was $14,733,000, $15,308,000 and $11,409,000, respectively.

The majority of the Company's assets are security for long-term bank debt (see Note 6).

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The Company has entered into various noncancellable leases which are classified as capital leases. Future minimum lease payments under the capitalized lease obligations, including imputed interest, are as follows (in thousands):

FOR THE YEAR ENDING DECEMBER 31,	
1996	$ 1,398
1997	1,005
1998	427
1999	21
2000	7
	2,858
Less amount representing imputed interest	(358)
Present value of obligations under capital leases	2,500
Less current interest payable	(26)
Less current portion	(1,156)
	$ 1,318

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following (in thousands):

	DECEMBER 31, 1995	1994
Telecommunication charges	$ 5,165	$ 8,569
Commissions	4,503	3,272
Telephone equipment purchased	222	254
Due on acquisitions	369	3,077
Other	9,344	7,627
	$19,603	$22,799

<PAGE>

PEOPLES TELEPHONE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - NOTES PAYABLE AND LONG TERM DEBT

Notes payable and long-term debt consist of the following (in thousands):

<TABLE>
<CAPTION>

<S>	19 <C>
$100 Million Senior Notes due 2002 with a stated interest rate of 12 1/4%	$ 100,0
$125 million revolving line of credit with interest rates ranging from the Bank's prime rate plus 1 1/4% to LIBOR plus 2 1/2%	--
$40 million revolving line of credit with interest rates ranging from the Bank's prime rate plus 1.5% to LIBOR plus 3.0%. At December 31, 1995, the Bank's prime rate was 8.5% and the LIBOR rate ranged from 6.125% to 7%	--
Five-year promissory note to Ascom Communications, Inc. .... with interest rate at 7%	--
Mortgage note payable with interest rate at 7.38%	--
One-year promissory note to Ascom Communications, Inc. .... with interest rate at 5%	--
Various notes payable acquired through the acquisition of Telecoin Communications, Ltd. with interest rates ranging from prime plus 1.25% to prime plus 1.5% and maturity dates ranging from due on demand to October 1998	1,7
Other	
	101,7

Less current maturities	(5
	$ 101,2

</TABLE>

During July 1995, the Company completed the sale of $100 million of Senior Notes due 2002 (the "Senior Notes") and the issuance of 150,000 shares of Series C Cumulative Convertible Preferred Stock (the "Preferred Stock") for $15.0 million (see Note 7). The net proceeds of approximately $108.7 million from the Senior Notes and the Preferred Stock were used to repay the aggregate outstanding balance of approximately $105.1 million due under the Company's revolving line of credit and certain other debt obligations including accrued interest.

<PAGE>

PEOPLES TELEPHONE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Senior Notes bear interest at 12 1/4% per annum, payable semiannually beginning January 15, 1996. The Senior Notes are senior unsecured obligations of the Company and are redeemable at the option of the Company, in whole or in part, on or after July 15, 2000, at pre-established redemption prices together with accrued and unpaid interest to the redemption date. The Company paid approximately $5.1 million in issuance costs which will be deferred and amortized over the term of the debt.

Simultaneously with the sale of the Senior Notes and issuance of the Preferred Stock, the Company executed the Fourth Amended and Restated Loan and Security Agreement (the "Loan Agreement") with Creditanstalt Bankverein (the "Bank"). The Loan Agreement provided for a new $40.0 million credit facility bearing interest at rates ranging from the Bank's prime rate plus 1 1/2% to LIBOR plus 3%. All outstanding principal balances are due in full on April 30, 1999, and interest is payable monthly for loans based on the prime rate and quarterly for loans based on the LIBOR rate. A commitment fee of 1/2 of 1% is charged on the aggregate daily unused balance of the credit facility under the Loan Agreement. The Loan Agreement is secured by substantially all of the Company's assets and contains certain restrictive covenants which, among other things, require the Company to maintain certain net worth and cash flow levels and places certain restrictions on the payment of dividends.

In November 1995, the Loan Agreement was amended limiting the Company's availability under the credit facility based upon achieved levels of operating cash flow of the Company. At December 31, 1995, the Company had no amounts borrowed under the facility.

At December 31, 1995, the Company was not in compliance with certain financial covenants contained in the Loan Agreement. During February 1996, the Bank waived the Company's non-compliance with these covenants for the three month period ended December 31, 1995. In connection with the waiver, the Company and the Bank agreed to amend certain terms contained in the Loan Agreement (the "Amendment"). The Amendment, among other things, will decrease the facility to $10.0 million and will reduce the requirements of certain financial covenants. The amended credit facility will bear interest at the Bank's prime rate plus 2% and will require all outstanding principal balances to be repaid in September 1997.

As a result of various 1995 amendments to its credit facilities, the Company recorded extraordinary losses of $5.0 million for the write off of deferred financing costs associated with the early extinguishment of debt, before the income tax benefit of approximately $1.7 million.

In March 1993, the Company purchased land and an office building which became the principal offices of the Company. The purchase was financed with a bank in the principal amount of $2.7 million. All outstanding balances due under the mortgage note were repaid in conjunction with the refinancing transaction discussed above.

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PEOPLES TELEPHONE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Future maturities of the notes payable and long-term debt, based on amounts outstanding as of December 31, 1995, are as follows (in thousands):

1996	$ 506
1997	750
1998	509
1999	--
2000	--
Thereafter	100,000
	$101,765

NOTE 7 - PREFERRED STOCK

In connection with the refinancing discussed above, the Company issued 150,000 shares of Series C Cumulative Convertible Preferred Stock to UBS Partners, Inc., a wholly-owned subsidiary of Union Bank of Switzerland, for $15.0 million. The Preferred Stock cumulates dividends at an annual rate of 7%. The dividends are payable in cash or, at the Company's option during the first three years, will cumulate. The Preferred Stock is immediately convertible into shares of Common Stock of the Company at an initial conversion price of $5.25 per share and is mandatorily redeemable by the Company in July 2005. Pursuant to the terms of the Preferred Stock, the holders are entitled to elect two of the six members of the Company's Board of Directors and have voting rights equal to those of Common Shareholders. The Company paid issuance costs of approximately $1.2 million.

In connection with the sale of the Preferred Stock, the Company issued warrants to purchase 275,000 shares of Common Stock of the Company to a third party who assisted with the transaction for approximately $100,000. The warrants are exercisable at $5.25 per share through the year 2005 and are valued at approximately $0.6 million (see Note 6).

The issuance costs and the value of the warrants are recorded as a reduction of the preferred stock balance and are accreted using the effective interest method through capital in excess of par value over the term of the Preferred Stock.

NOTE 8 - SHAREHOLDERS' EQUITY

In 1994, 1993, 1992 and 1990, under the terms of the Company's loan agreement, as amended, the Company granted its lender warrants to purchase 250,000, 300,000, 150,000, and 900,000 shares of common or preferred stock, respectively. The exercise price of 900,000 of these shares is $3.17 per share and the remaining 700,000 shares is $5.25 per share. The Company's lender exercised its right to purchase 150,000, 450,000 and 300,000 shares of common stock at $3.17 per share during 1994, 1993 and 1992, respectively. All warrants expire in the year 2000.

On August 31, 1993, the Company effected a 3 for 2 stock split effective

September 27, 1993. The consolidated financial statements and related financial information have been retroactively adjusted to reflect the 3 for 2 split.

In August 1993, the Company completed the sale of 1,500,000 shares of its common stock in a registered private placement. After the deduction of the underwriting discount and other expenses of the private placement, the net proceeds to the Company were $12.8 million.

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PEOPLES TELEPHONE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's preferred stock may be issued from time to time at the discretion of the Board of Directors without shareholder approval. The Board of Directors is authorized to issue these shares in different series and, with respect to each series, to determine the dividend rate, provisions regarding redemption, conversion, liquidation preference and other rights and privileges.

In August 1988, the Company sold 90,000 shares of its previously authorized common stock. The sale consisted of 45,000 units at a price of $7.00 per unit. Each unit consisted of two shares of common stock together with one warrant to purchase a share of common stock at $4.33 and a share of common stock at $4.66. The warrants were exercised during 1993.

NOTE 9 - STOCK OPTION PLANS

The Company maintains three non-qualified stock option plans covering primarily employees and directors. Options under the three plans are issuable at the discretion of committees appointed by the Board of Directors. Certain options under the plans vest at rates of 10% and 33% per year from the date of issuance and may expire 30 days after the termination or resignation of the employee or director.

Under the terms of the plans, the exercise price for options granted is required to be at least the fair market value of the Company's common stock on the date of grant.

The following summarizes pertinent information covering stock options issued pursuant to the Company's stock option plans (in thousands, except per share data):

<TABLE>
<CAPTION>

	NUMBER OF SHARES		
	1995	1994	
<S>	<C>	<C>	
Outstanding, beginning of year	2,794	1,803	
Granted	200	1,198	
Exercised	(93)	(177)	
Cancelled	(629)	(30)	
Outstanding, end of year	2,272	2,794	
Exercisable, end of the year	2,055	1,975	
Option price per share of outstanding options	$2.00-$11.38	$1.33-$11.38	$1.

</TABLE>

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PEOPLES TELEPHONE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - EMPLOYEE SAVINGS PLAN

During November 1990, the Company established a savings plan under the provisions of section 401(k) of the Internal Revenue Code (the "Plan"), which covers substantially all employees. The Company's contributions to the Plan are discretionary. Employees participating in the Plan vest in amounts contributed by the Company over a period of 7 years. The Company matches 25% of employee contributions to a maximum of 6% of employee earnings each plan year. The Company's contributions totaled approximately $77,000, $103,000 and $54,000 for the years ended December 31, 1995, 1994 and 1993, respectively.

NOTE 11 - INCOME TAXES

The components of the provision for income taxes for the years ended December 31, 1995, 1994 and 1993 are as follows (in thousands):
<TABLE>
<CAPTION>

<S>	<C> FOR THE YEAR E DECEMBER 31, 1995	<C> 1994
Currently payable:		
Federal....................................	$ --	$ --
State	107	82
Deferred	(1,845)	(4,487)
	$(1,738)	$(4,405)

</TABLE>

A tax benefit of $0.3 million and $4.5 million attributable to the exercise of employee stock options was credited to shareholders' equity during 1994 and 1993, respectively.

A reconciliation between the Company's effective income tax rates and income tax statutory rates for the years ended December 31, 1995, 1994 and 1993 is as follows:

	FOR THE YEAR ENDED DECEMBER 31, 1995	1994	1993
Statutory tax rate	(34.0)%	(34.0)%	35.0%
Change in valuation allowance	29.3	--	--
Non-deductible expenses	1.0	(2.7)	1.3
State taxes and other, net ..	(3.5)	(1.5)	1.4
	(7.2)%	(38.2)%	37.7%

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PEOPLES TELEPHONE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The significant temporary differences included in the net deferred tax asset as of December 31, 1995 and 1994 are as follows (in thousands):

	DECEMBER 31, 1995	DECEMBER 31, 1994
Deferred tax assets:		
Net operating loss carryforward	$ 20,185	$ 11,166
Alternative Minimum Tax Credit carryforward	218	218
Other	9,343	972
Total gross deferred tax assets	29,746	12,356
Less - valuation allowance	12,023	--
Net deferred tax assets	17,723	12,356
Deferred tax liabilities:		
Difference between book and tax bases of fixed assets	(13,313)	(9,738)
Other	(1,003)	(1,165)
Total deferred tax liabilities	(14,316)	(10,903)
Net deferred tax assets	$ 3,407	$ 1,453

At December 31, 1995, the Company has tax net operating loss carry forwards of approximately $68.4 million, which expire in various amounts in the years 2002 to 2010. Approximately $3.2 million of these net operating loss carryforwards relate to business acquisitions for which annual utilization will be limited to approximately $330,000, with further limitation if future ownership changes occur. In addition, these loss carryforwards can only be utilized against future taxable income, if any, generated by these acquired companies as if these companies continued to file separate income tax returns.

During 1995, the deferred tax asset valuation allowance against net operating losses increased to $12.0 million. Realization of deferred tax assets is dependent upon sufficient future taxable income during the periods that temporary differences and carryforwards are expected to be available to reduce taxable income. Based upon past earnings history, trends, regulatory changes, expiration dates of net operating loss carryforwads and tax planning strategies that could be implemented, if necessary, to realize its deferred tax assets. The Company has recorded a valuation allowance to reflect the estimated amount of deferred tax assets, which may not be realized due to the expiration of its operating loss carryforwards.

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PEOPLES TELEPHONE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - EARNINGS PER SHARE

For the years ended December 31, 1995, 1994 and 1993, the treasury stock method was used to determine the dilutive effect of the options and warrants on earnings per share data. Net (loss) income from continuing operations per share and the weighted average number of shares outstanding used in the computations are summarized as follows (in thousands, except per share data):

<TABLE>
<CAPTION>

	DECEMBER 31, 1995		DECEMBER 31, 1994		DECEMBE
	PRIMARY	FULLY DILUTED	PRIMARY	FULLY DILUTED	PRIMARY
<S>	<C>	<C>	<C>	<C>	<C>
Net (loss) income from continuing operations	$(22,467)	$(22,467)	$ (7,112)	$ (7,112)	$ 6,856
Deduct:					
Cumulative preferred stock dividend requirement	473	473	--	--	--
(Loss) income for per share computations	$(22,940)	$(22,940)	$ (7,112)	$ (7,112)	$ 6,856
Number of shares:					
Weighted average common shares outstanding	16,091	16,091	15,713	15,713	12,700
Add:					
Net additional shares issuable(1)	--	--	--	--	1,779
Weighted average shares used in the per share computations	16,091	16,091	15,713	15,713	14,479
	$ (1.43)	$ (1.43)	$ (.45)	$ (.45)	$ .47

</TABLE>

1. Assumes exercise of outstanding common stock equivalents (options and warrants) at the beginning of the period, net of 20% limitation, if applicable, on the assumed repurchase of stock.

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PEOPLES TELEPHONE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair market value of financial instruments held by the Company at December 31, 1995 are based on a variety of factors and assumptions and may not necessarily be representative of the actual gains or losses that will be realized in the future and do not include expenses that could be incurred in an actual sale or settlement.

Long-Term Debt

The fair value of the Company's Senior Notes was estimated by obtaining quoted market prices. The carrying amount and fair value of the Company's Senior Notes at December 31, 1995 were approximately $100 million and $80 million, respectively.

The fair value of the Company's credit facility is assumed to be equal to its carrying value. At December 31, 1995 there were no amounts outstanding under the credit facility. At December 31, 1994, the outstanding balance under the credit facility was approximately $100.2 million.

Preferred Stock

The Company's Preferred Stock does not have a quoted market price and the Company does not believe it is practicable to estimate a fair value different from the security's carrying value of approximately $13.4 million because of features unique to this security including, but not limited to, the right to appoint two directors and super majority voting requirements. The amounts due upon redemption equal $15.0 million plus accumulated dividends.

NOTE 14 - LEASES

The Company leases office and warehouse space under various noncancellable operating lease agreements expiring through 1999. Rental expense under such leases aggregated approximately $822,000 , $650,000 and $569,000 for the years ended December 31, 1995, 1994 and 1993, respectively. The Company received $164,000 in sub-leasing income in 1995 and allocated approximately $150,000 in 1995 and 1994 for rent expense to its cellular telephone operations. Under a sub-leasing agreement with a third party, the Company will receive $237,000 and $138,000 in 1996 and 1997, respectively.

Future minimum payments under the above rental agreements as of December 31, 1995 are as follows (in thousands):

FOR THE YEAR ENDING DECEMBER 31,	
1996	$645
1997	238
1998	36
1999	12
2000	--
	$931

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PEOPLES TELEPHONE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - COMMITMENTS AND CONTINGENCIES

During July 1995, the Company reached an agreement in principle for the settlement (the "Proposed Settlement") of a lawsuit seeking class action certification brought by two shareholders against the Company and certain of its officers and directors in the United States District Court, Southern District of Florida, alleging the violation of certain federal securities laws. The Company's share of the Proposed Settlement of approximately $0.9 million has been recorded in the accompanying Consolidated Statements of Operations. The Proposed Settlement was approved by the United States District Court during January 1996.

In June 1995, the Company settled a lawsuit filed against it by Ascom Communications, Inc. ("ACI") for approximately $5.7 million. This amount was equal to the amounts previously recorded for promissory notes issued in connection with the 1993 purchase of ACI. These notes were repaid in connection with the refinancing discussed in Note 6.

During April 1995, the Company settled a dispute with one of its vendors which resulted in a reduction of the amounts owed. Accounts payable and telephone charges were reduced during the first quarter of 1995 by approximately $1.3 million to reflect this settlement.

On July 1, 1993, the Company filed suit against Bell South Telecommunications, Inc., a unit of Bell South Corp., that does business as Southern Bell Telephone & Telegraph ("Bell South") alleging, among other things, violation of the federal and State of Florida antitrust laws based upon alleged monopolization and misrepresentation in connection with Southern Bell's operation of its pay telephone business in Florida. The suit seeks unspecified damages and other relief. The Company is unable to predict the outcome of the litigation.

During 1993, the Company negotiated a settlement of various issues that were in dispute with a major vendor. This agreement was finalized in 1994. As a result, the Company terminated certain of its capital leases and was released from certain obligations owed through October 31, 1993. This settlement has been reflected as a reduction of telephone charges in 1993 and approximated $1,156,000.

In addition to the aforementioned litigation, the Company is a party to certain legal actions arising in the normal course of business. In the opinion of management, the ultimate outcome of such litigation will not have a material effect on the financial position, results of operations or cash flows of the Company.

The Company has employment contracts with certain officers which expire through December 31, 1998. The contracts provide for increases in annual base salary, contingent upon the profitability of the Company, as well as bonus and stock option provisions.

NOTE 16 - PREPAID CALLING CARD AND INTERNATIONAL TELEPHONE CENTERS

In December 1994, in an effort to return its focus to its core public pay telephone business, the Company's Board of Directors approved the sales of the Company's prepaid calling card and international telephone center operations.

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During February 1995, the Company sold its prepaid calling card business to Global Link Teleco Corporation ("Global Link") for approximately $6.3 million. The Company received $1.0 million in cash, a $5.3 million promissory note due February 1998, bearing interest at 8.5%, payable quarterly, and shares of common stock of Global Link. For financial accounting purposes, the net gain of approximately $3.4 million will be deferred until cash on the notes is received. Accordingly, a provision for losses from January 1, 1995 through February 15, 1995, the divestiture date, of approximately $290,000 has been included in loss on disposal for the period ended December 31, 1994.

As a result of the February 1995 transaction with Global Link and because of a drafting error discovered in May 1995 that did not reflect the intentions of the parties, the Company's interest in the outstanding common stock of Global Link was 28.8% instead of the intended 19.99%. To correct this error, the Company reduced its share ownership to the intended 19.99% level.

Under the terms of the sale agreement, Global Link, on behalf of the Company, was responsible for the collection of receivables which arose prior to the sale of the Company's prepaid calling card business. As a result of Global Link's unsuccessful attempt to collect approximately $1.1 million of such receivables, the Company has included the write off of these amounts in the Loss on disposal of prepaid calling card and international telephone centers during the year ended December 31, 1995.

The Company's investment in Global Link is accounted for using the equity method. The Company's share of the results of operations of Global Link from the divestiture date through December 31, 1995 are included in "Other" in the accompanying consolidated statements of operations. The 1994 results of operations of the prepaid calling card business have been segregated and reported as a separate component of income from continuing operations.

The Company's investment in Global Link at December 31, 1995 represents $6.6 million of outstanding notes receivable and $1.1 million of other receivables less the $3.4 million deferred gain on the February 1995 transaction and $0.6 million representing the Company's share of Global Link's 1995 year to date operating loss and is included in Investments in unconsolidated affiliate in the accompanying consolidated balance sheet.

On March 1, 1996, Global Link consummated a merger transaction (the "Merger") with Global Telecommunications Solutions, Inc. ("GTS"). In connection with the Merger, the Company exchanged its outstanding notes and other receivables including accrued interest and its 19.99% equity ownership in Global Link for shares of GTS common stock, $0.6 million in cash and $1.5 million of notes receivables with various due dates through September 1997. For financial accounting purposes approximately $1.0 million of net gains will be deferred until cash from the receivables is collected a gain of approximately $0.3 million will be recorded in the first quarter of 1996.

During the year ended December 31, 1994, the Company recorded a provision of approximately $3.4 million for the estimated impairment of asset value for its international telephone center.

On September 28, 1995, the Company sold its international telephone center operations for $2.0 million. The Company received $0.5 million in cash and a $1.5 million promissory note. The note is payable in six installments of $250,000, due every four months beginning in January 1996. The note bears interest at 8% per annum. For financial accounting purposes, the recovery of $2.0 million previously written-off will be recognized

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as the cash is received. Accordingly, $0.5 million gain has been included in Loss on disposal of prepaid calling card and international telephone centers in the accompanying consolidated statements of operations during the year ended December 31, 1995.

The following tables set forth the net assets and the results of operations for the Company's prepaid calling card business and international telephone center which are included in the accompanying consolidated financial statements (in thousands):

	DECEMBER 31, 1995	DECEMBER 31, 1994
Current Assets, net	$ --	$1,286
Fixed Assets, net	--	717
Other long-term assets, net	--	592
	$ --	$2,595

	DECEMBER 31, 1995	DECEMBER 31, 1994	DECEMBER 31, 1993
Revenues	$ --	$ 5,149	$ 1,281
Loss from operations	--	(1,816)	(1,731)
Loss on disposal	(566)	(3,690)	--
Total loss from operations before income taxes	(566)	(5,506)	(1,731)
Benefit from income taxes	--	2,064	652
Net loss from operations .	$(566)	$(3,442)	$(1,079)

The prepaid calling card and international telephone centers had revenues of $781,000 and net losses of $341,000 for the year ended December 31, 1995 which were previously accrued for in 1994.

NOTE 17 - DISCONTINUED OPERATIONS

In December 1994, as part of the effort to return its focus to its core public pay telephone business, the Company's Board of Directors also adopted a formal plan to divest itself of its inmate telephone and cellular telephone operations.

In 1994, in connection with the planned divestiture of the cellular telephone operations, the Company recorded a provision for the estimated impairment of asset values and losses through the anticipated divestiture date of approximately $4.8 million, net. This provision included approximately $3.2 million for the estimated operating losses of the cellular telephone operations for the year ended December 31, 1995. The provision was net of an estimated gain on disposition of approximately $1.8 million and included a valuation allowance of approximately $3.4 million against deferred tax assets that may not be realized upon the disposition of the cellular telephone operations.

On November 13, 1995, the Company sold its cellular telephone operations to Shared Technologies Cellular, Inc. ("STC") for approximately $6.0 million. The proceeds from the sale were $0.3 million in cash, a $2.0 million promissory note bearing interest at 8.0%, with principal and interest payable semi-annually through 2000, shares of STC common stock, a $2.5 million potential revenue earn out, and STC will pay approximately $1.2 million of PTCC's liabilities. For financial accounting purposes the $2.5 million potential earn out will be recognized as received. This transaction resulted in a loss of approximately $14.6 million which was recorded as a loss on disposal in September 1995. The loss on disposal includes a valuation allowance of approximately $5.5 million to reduce the deferred tax assets generated by this transaction to a level which, more likely than not, will be realized. The difference between the actual loss and the estimated loss on disposal resulted from ,among other things, changes in market conditions, disputes over liabilities for cellular cloning charges, decreased revenue attributable to PIN numbers introduced by the cellular carriers to prevent cloning and a delay in creating a new phone technology to deal with PIN numbers and other matters.

For the period from January 1, 1995 through the divestiture date, the cellular telephone operations had revenues of approximately $6.8 million and net operating losses of $3.7 million which were previously accrued for in 1994.

During the third quarter of 1995, the Company decided to retain the remaining portion of its inmate telephone operations (see Note 1). The accompanying consolidated financial statements have been reclassified to present the inmate telephone operations as part of continuing operations.

The Company's 1994 results included approximately $4.0 million for the anticipated loss on disposal and $0.1 million for the anticipated operating losses from January 1, 1995 through disposition of the inmate telephone operations. The inmate division's actual operating losses for the period it was accounted for as a discontinued operation, were $0.1 million. The $4.0 million accrual for the loss on disposal has been reversed in discontinued operations and recorded as an impairment of assets in continuing operations in the accompanying consolidated statements of operations for the year ended December 31, 1995.

The following combining tables set forth the net assets and liabilities and results of operations and loss on disposal of the cellular telephone operations as they are included in the consolidated financial statements (in thousands):

	DECEMBER 31,	
	1995	1994
Current assets, net	$ --	$ 1,147
Fixed assets, net	--	6,667
Other long-term assets, net	--	3,111
Liabilities	--	(4,116)
	$ --	$ 6,809

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PEOPLES TELEPHONE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	FOR THE YEARS ENDED DECEMBER 31,		
	1995	1994	1993
Revenues	$ --	$ 11,581	$ 6,283

Income (loss) from discontinued operations before income taxes	--	(6,253)	(2,954)
Loss on disposal	(14,600)	(1,380)	--
Total net loss on discontinued operations before income taxes	--	(7,633)	(2,954)
(Provision for) benefit from income taxes	--	(1,113)	1,113
Minority interest, net	--	--	327
Net loss from discontinued operations	$(14,600)	$ (8,746)	$(1,514)

NOTE 18 - RELATED PARTY TRANSACTIONS

In March 1994, the Company sold certain assets used in the operation of the Company's two telephone centers located in New York City to Global Link. The total purchase price for the transaction was $2.5 million and 10% of the issued and outstanding capital stock of Global Link. The Company recorded a net gain on the sale of approximately $2.0 million. At the time of the transaction, Messrs Bernard M. Frank and Jody Frank, both directors of the Company, were directors and shareholders of Global Link. In addition, Mr. Jeffrey Hanft, an officer and director of the Company, and Mr. Robert D. Rubin, an officer of the Company, were appointed directors of Global Link as a result of this transaction.

During February 1995, the Company sold its prepaid calling card business to Global Link for approximately $6.3 million. The Company received $1.0 million in cash, a $5.3 million promissory note due February 1998, bearing interest at 8.5%, payable quarterly, and shares of common stock of Global Link. As a result of the February 1995 transaction, and because of a drafting error discovered in May 1995 that did not reflect the intentions of the parties, the Company's interest in the outstanding common stock of Global Link was 28.8% instead of 19.99%. To correct this error, the Company agreed with Global Link to reduce its share ownership to the intended 19.99% level. Since the March 1994 transaction with Global Link, Mr. Bernard M. Frank has resigned as a director of the Company. Prior to the February 1995 transaction, Mr. Robert D. Rubin resigned as a director of Global Link. Additionally, Mr. Jeffrey Hanft resigned as a director of Global Link in October 1995, and Mr. Jody Frank resigned as a director of Global Link prior to the March 1996 transaction with GTS (see Note 16).

During 1994 and 1995, the Company made loans of approximately $3.6 million to certain officers and directors for, among other things, the repayment of debt previously incurred by them in connection with the exercise of stock options and payment of related income taxes. The officers and directors exercised the Stock Options in December 1993 to purchase the Company's common stock for purposes of increasing the Company's shareholders' equity without accessing external capital markets. The officers and directors executed promissory notes for a portion of the amounts due and certain of these notes are secured by a pledge of approximately 0.6 million shares of the Company's common stock and are due on March 28, 1996. In addition, during 1994 and 1995, under the terms of employment contracts with certain officers, the Company paid approximately $0.6 million in life insurance policy premiums. Such premiums are required to be reimbursed by such officers upon termination.

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The Company is currently attempting to collect the loan amounts due from these officers and directors and has recorded a reserve for potential uncollectible loan and insurance amounts of approximately $3.2 million in the fourth quarter of 1995 which is included in "Other" in the accompanying consolidated statements of operations.

During December 1995, the Company entered into a settlement agreement in connection with the termination of an employment contract and settlement of a claim made by Robert D. Rubin, the Company's former president. As part of the settlement agreement, approximately $1.4 million of severance costs were incurred by the Company and have been recorded in "Other" in the accompanying 1995 consolidated statement of operations. Mr. Rubin repaid approximately $0.4 million of amounts owed the Company as part of the settlement agreement.

NOTE 19 - BUSINESS SEGMENT INFORMATION:

The Company's continuing operations consist of public pay telephones and inmate telephones. Certain business segment information for the years ended December 31, 1995, 1994 and 1993 are as follows (in thousands):

	1995	1994	1993
Revenues:			
Public pay	$ 112,240	$ 114,958	$ 81,260
Inmate	26,029	42,869	35,217
Other(1)	122	1,615	528
	$ 138,391	$ 159,442	$117,005
Operating (loss) income:			
Public pay	$ (1,933)	$ (1,489)	$ 10,833
Inmate	(815)	2,202	4,696
Other(1)	(750)	(56)	266
	$ (3,498)	$ 657	$ 15,795
Corporate expenses(2)	$ 10,743	$ 5,506	$ 1,730
Interest expense	9,964	6,668	3,065
Consolidated (loss) income from continuing operations before income taxes and extraordinary items	$ (24,205)	$ (11,517)	$ 11,000
Identifiable assets:			
Public pay	$ 117,208	$ 136,657	$115,920
Inmate	16,538	25,434	33,300
Other(1)	144	1,625	1,669
Corporate assets(3)	26,181	26,875	22,453
	$ 160,071	$ 190,591	$173,342
Depreciation and amortization expense:			
Public pay	$ 19,570	$ 19,019	$ 12,958
Inmate	2,881	3,337	2,073
Other(1)	--	166	--
	$ 22,451	$ 22,522	$ 15,031
Capital expenditures:			
Public Pay	$ 8,386	$ 7,076	$ 8,676

Inmate	198	2,526	3,976
Other(1)	--	55	--
Corporate expenditures (3)	190	1,861	4,720
	$ 8,774	$ 11,518	$ 17,372

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PEOPLES TELEPHONE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(1) "Other" consists primarily of the Company's international operations.

(2) Corporate expenses include the results of operations and loss on disposal of the Company's prepaid calling card and international telephone centers, litigation settlement expense, amounts incurred in connection with the settlement of contracts and notes receivable with certain corporate officers and the equity pick-up of Global Link's operating losses.

(3) Corporate assets consist primarily of cash and cash equivalents, land, building, building improvements and assets of discontinued operations. Corporate expenditures consist primarily of land, building, building improvements and expenditures related to discontinued operations. Corporate expenditures do not include amounts paid for acquisitions.

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SCHEDULE II

PEOPLES TELEPHONE COMPANY, INC.
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(IN THOUSANDS)

<TABLE>
<CAPTION>

CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	OTHER(1)	DEDUCTIONS
<S>	<C>	<C>	<C>	<C>
YEAR ENDED 12/31/95:				
Allowance for doubtful accounts ..	$6,035	7,386	--	8,313
Deferred tax asset valuation allowance	$ --	12,023	--	--
Accumulated amortization:				
Location contracts	$6,942	5,090	--	148
Intangible assets	$2,544	1,142	--	455
Goodwill	$2,001	1,082	--	288

YEAR ENDED 12/31/94:				
Allowance for doubtful accounts ..	$2,115	11,621	(43)	7,658
	======	======	====	=====
Accumulated amortization:				
Location contracts	$3,656	4,120	(93)	741
	======	======	====	=====
Intangible assets	$1,849	1,171	(215)	261
	======	======	====	=====
Goodwill....................	$ 551	924	526	--
	======	======	====	=====
YEAR ENDED 12/31/93:				
Allowance for doubtful accounts ..	$ 73	5,591	--	3,549
	======	======	====	=====
Accumulated amortization:				
Location contracts	$2,210	1,839	93	486
	======	======	====	=====
Intangible assets...........	$ 621	1,013	215	--
	======	======	====	=====
Goodwill....................	$ 260	291	--	--
	======	======	====	=====

</TABLE>

(1) Adjustments represents the allowance for doubtful accounts and accumulated amortization related to the prepaid calling card and international telephone centers which were reclassified to "net assets held for sale" and the inmate and cellular telephone assets which were reclassified to "net assets of discontinued operations." Also, 1994 amounts include a reclassification of $526 from accumulated depreciation.

(2) Deductions represent bad debt write-offs and adjustments to accumulated amortization for assets sold.

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PART III

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

The information required by this Item 9 is contained in the Company's Current Report on Form 8-K dated December 15, 1995 previously filed with the Securities and Exchange Commission on December 22, 1995 and Current Report on Form 8K/A No. 1 dated December 15, 1995 previously filed on January 5, 1996.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item 10 will be contained in the Company's definitive proxy materials to be filed with the Securities and Exchange Commission and is incorporated in this Annual Report on Form 10-K by this reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 will be contained in the Company's definitive proxy materials to be filed with the Securities and Exchange Commission and is incorporated in this Annual Report on Form 10-K by this reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item 12 will be contained in the Company's definitive proxy materials to be filed with the Securities and Exchange Commission and is incorporated in this Annual Report on Form 10-K by this reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item 13 will be contained in the Company's definitive proxy materials to be filed with the Securities and Exchange Commission and is incorporated in this Annual Report on Form 10-K by this reference.

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PART IV

[TO BE REVISED BY FJH]

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed with, and as a part of, this Annual Report on Form 10-K.

1. FINANCIAL STATEMENTS.

For a complete list of the Financial Statements filed with this Annual Report on Form 10-K, see the Index to Financial Statements and Schedules on Page .

2. FINANCIAL STATEMENT SCHEDULES.

The following Supplementary Schedules are filed with this Annual Report on Form 10-K:

See Index to Financial Statements and Schedules on Page 33.

3. EXHIBITS.

(i) See Exhibit Index on Pages 69-72.

(b) Reports on Form 8-K.

(1) A Current Report on Form 8-K dated November 13, 1995 relating to Items 2 and 7.
(2) A Current Report on Form 8-K dated November 29, 1995 relating to Item 5.
(3) A Current Report on Form 8-K dated December 15, 1995 relating to Item 4 as amended by the 8-K/A No. 1 thereto.